



**CITY OF BUCKEYE
COUNCIL WORKSHOP
JUNE 7, 2016
MINUTES**

**City Council Chambers
530 E. Monroe Ave.
Buckeye, AZ 85326
3:45 p.m.**

1. Call to Order/Roll Call

Mayor Meck called the meeting to order at 3:47 p.m.

Members Present: Councilmember Orsborn (excused at 4:09 p.m.; returned at 4:12 p.m.), Councilmember McAchran (via telephone), Councilmember Heustis (excused at 5:12 p.m.; returned at 5:14 p.m.), Vice Mayor Hess, and Mayor Meck.

Members Absent: Councilmember Garza.

Departments Present: City Manager Stephen Cleveland, Assistant City Manager Roger Klingler, City Attorney Shiela Schmidt, City Clerk Lucinda Aja, Records Administrator Liz Camacho, Management Assistant to Council Christine Grundy, Police Chief Larry Hall, Finance Director Larry Price, Economic Development Director Len Becker, Community Services Director Cheryl Sedig, Human Resources Director Nancy Love, Public Works Director Scott Lowe, Public Information Officer Bob Bushner, and Information Technology Director Greg Platacz.

2. Council will discuss the Wage Adjustment implementation Strategy

Staff Liaison: Nancy Love, Human Resources Director

Ms. Love opened the discussion and provided an overview of wage adjustment implementation strategies based on the current pay structure approved by Council in August 2015. A step structure was approved for non-exempt employees (public safety) and a broadband pay structure was approved for exempt employees. Step structure ranges were reviewed. The *current* Compensation and Classification policy was presented. Employees receive pay increases in various ways; employees in a step structure may receive a one-step pay increase on their anniversary date, depending on the financial situation of the City and if a performance evaluation reflects standards are met. Exempt employees would receive a pay increase as approved by Council. The current step and broadband pay structures were presented. The updated pay structures were adopted in August, 2015; however the policy has not changed. Ms. Love stated if all non-exempt employees received a one-step pay increase, the average increase would be 4.34 percent. The option to approve a 1.7 percent cost of living allowance (COLA) would adjust the pay ranges by 1.7 percent and may assist with maintaining pay structures that are competitive in the market. Councilmember McAchran requested clarification regarding the current policy and the current pay structure. Ms. Love stated the current policy states that, with an acceptable performance evaluation, an employee would move to the next step in the pay structure, depending on the financial condition of the City. Exempt employees receive an increase based on a successful performance evaluation and in an amount approved by Council. Performance evaluations and the frequency of evaluations were discussed; the current policy states each employee shall receive an annual performance evaluation. Performance evaluations are subject to public record. Ms. Love clarified the contract with Gallagher Benefit Services (“Gallagher”) included determining if pay ranges were comparable in the market. After the updated pay ranges were implemented, it was recommended a policy be adopted that set forth the procedure for employees moving within the updated pay ranges. Councilmember Orsborn discussed the importance of the current policy, which states wage adjustments will be implemented depending on the financial condition of the City. Ms. Love stated comparator cities are approaching wages in different ways with some of them implementing wage

increases, some implementing a wage increase along with a COLA, and others are providing a one-time bonus. Councilmember Heustis stated pay ranges, that are comparable in the market, were implemented in August, 2015; adjusting the pay ranges by adopting a COLA may not be the best approach for this Fiscal Year; requested future discussions regarding wage adjustments take place with sufficient time to evaluate and determine appropriate implementation strategies. Ms. Love clarified 116 employees are currently at the maximum of their pay range and are not eligible for wage increases. Vice Mayor Hess requested information regarding employee anniversary dates. Ms. Love clarified wage adjustments implemented in August, 2015 did not change the anniversary dates of employees; the prior anniversary date would be utilized, such as date of hire, date of promotion, or date of reclassification; the anniversary date could be amended for all employees at the direction of Council.

3. Discussion and possible direction by Council to staff regarding options for the 2016 - 2017 Fiscal Year Budget.

Staff Liaison: Larry Price, Finance Director

Mr. Price provided a summary of the proposed 2016-2017 Fiscal Year (FY) Budget. The proposal includes updated and additional information based on requests from Council. Previous workshops focused on the General Fund. The Tentative Budget is scheduled for adoption during the June 7, 2016 Regular Council Meeting. A comparison of the current year total budget and the proposed FY 2016-2017 Tentative Budget was presented. Operating revenues are projected to increase 13 percent and operating expenditures are projected to increase 12 percent; the operating budget for FY 2016-2017 does not include wage adjustments, but will be amended upon approval by Council. Tables depicting budgeted expenditures were presented and reviewed. FY 2016-2017 program expenditures were summarized and discussed; funding that has been identified and has not been specifically allocated is aggregated into the Reserve/Contingency Fund. Council policy is to set aside a Reserve/Contingency Fund equal to 25 percent of operating expenditures of the General Fund. The Tentative Budget provides for the authority to spend funds if funds become available. Mr. Price clarified there is \$86 million in Reserve/Contingency Funds across the total \$195 million budget; \$20 million is reflected in the Reserve/Contingency Funds to provide for the authority to spend funds should they become available, resulting in approximately \$66 million remaining in the Reserve/Contingency Funds; \$12.4 million is in the General Fund Contingency Fund and the remaining amounts are in separate Reserve/Contingency Funds. Home Rule was discussed. A comparison of actual expenditures and budgeted expenditures was reviewed; the comparison generally results in actual expenditures equal to approximately 75 percent of the budgeted amount; the remaining 25 percent remains in the General Fund Contingency Fund. Reserve/Contingency Funds are reflected in the budget without the intention of spending those funds. If wage adjustments are approved, the General Fund Contingency Fund will be reduced by the amount approved. The proposed 18 additional positions were listed; proposed reclassifications were listed. General Fund transfers were presented and discussed. The Tentative Budget scheduled for adoption June 7, 2016 includes a General Fund Contingency Fund balance of approximately \$12.5 million. A list of potential future contingency fund requests were listed and include an airport economic study, ambulance services, Gila River Restoration Project, Rooks Road Project and Roosevelt Improvement District Project. Wage adjustment options were presented and include implementing a one-step increase for non-exempt (public safety) employees who are eligible and a 4.34 percent increase for exempt employees who are eligible; or a 1.7 percent COLA for all employees. The cost to implement the step and wage increases is approximately \$374,000 more than implementing the 1.7 percent COLA. General Fund revenues and sources were reviewed. The estimated beginning fund balance is approximately \$14.3 million. The policy of maintaining 25 percent of operating expenditures in the General Fund Contingency Fund was discussed; 25 percent of operating expenditures for FY 2016-2017 is equal to approximately \$13.4 million. Mr. Price clarified future projected budgets include an increase of 5 percent for personnel services; these projections do not reflect wage adjustments. Councilmember Orsborn discussed Council policy which states recurring expenditures should not be funded with one-time revenues; future budgets reflect the policy of maintaining 25 percent of operating expenditures in the General Fund Contingency Fund; those funds, in the future, could be spent on street maintenance, replacements, investment in infrastructure, or reductions in sales tax or property tax. Mr. Price provided further information related to operating expenditures; population and demands for services are increasing by approximately 4 percent; however future projected budgets do not reflect an increase in resources to

maintain and deliver the services. Discussion was held regarding reclassifications. Ms. Love stated the current personnel policies state reclassifications will be implemented two times during each budget year, in February and as part of the budget adoption; a matrix sets forth parameters for approval by the City Manager or Council. General discussion was held regarding one-time payments, in the amount of 1.7 percent, for employees currently at the maximum of their pay range, or a 1.7 percent adjustment to each pay range.

4. Presentation by Maricopa Community Colleges Foundation for the West Valley Veterans Success Initiative

Staff Liaison: Stephen Cleveland, City Manager

It was requested this item be taken out of order. Mr. Steve Yamamori, Vice President of Veteran Initiatives for the Maricopa Community Colleges Foundation, provided an overview of the West Valley Veterans Success Initiative. Maricopa County Community College District (MCCCD) is one of the largest college systems in the nation. This project was initiated because a need arose to provide veterans and their spouses with transition assistance upon discharge from the military. The Veteran Success Project offers case-managed, success planning services, with an aim to serve 100,000 veterans and their families over the next ten years. Transition, education, housing, human services, professional development, career, and personal services are offered. A West Valley Center for Military and Veteran Success will be located in a 1,548 square feet building at Luke Air Force Base. The building allows for public access without a base pass. A budget summary was presented and discussed; funding strategies were reviewed. Municipal support is being sought along with Federal and Corporate support and individual donations. A map depicting veteran population in the valley was displayed. Letters of support have been submitted by neighboring municipalities. The corporate community has supported these efforts. Mr. Yamamori clarified all veterans would have access to the facility. Transportation concerns were discussed. Mr. Yamamori was thanked for his presentation and his support of veterans.

5. Adjournment

A motion was made by Councilmember Orsborn and seconded by Vice Mayor Hess to adjourn the meeting at 5:45 p.m. Motion passed unanimously.

Jackie A. Meck, Mayor

ATTEST:

Lucinda J. Aja, City Clerk

I hereby certify that the foregoing minutes are a true and correct copy of the Council Workshop held on the 7th day of June, 2016. I further certify that a quorum was present.

Lucinda J. Aja, City Clerk